

## Message Text

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ACTION EA-09

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UNCLAS TAIPEI 5356

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E.O. 11652:N/A

TAGS: BEXP, TW

SUBJECT: FY '76 WOODWORKING EQUIPMENT JEEP

REF: A) TAIPEI A-102, 5/12/75; B) TAIPEI 3829, 6/26/75;  
C) POTHUISJE/KELLY TELCON, 8/13/75; D) TAIPEI 4443,  
7/17/75

SUMMARY: TC CONSIDERED OIM PROPOSAL PER REF. C) TO EXPAND SCOPE OF FY '76 WOODWORKING EQUIPMENT JEEP AND STAGE EVENT AS SPECIALIZED EXHIBITION. MARGINAL MARKET RESEARCH FINDINGS INDICATE THAT ABOVE PROPOSAL IS NOT VIABLE. TC RECOMMENDS THAT EVENT BE STAGED AS JEEP IN TAIPEI WITH EXHIBITORS TRAVELING TO KAOHSIUNG AS A TRADE MISSION.

1. TC CONSIDERED OIM PROPOSAL TO BROADEN FY '76 WOODWORKING EQUIPMENT JEEP AND STAGE EVENT AS SPECIALIZED EXHIBITION. REVIEW OF MARKET RESEARCH DESK STUDY, REF A), AND SUPPLEMENT TO DESK STUDY, REF B), INDICATES THAT FOR FOLLOWING REASONS, PROPOSAL IS NOT VIABLE:

A) PLYWOOD PRODUCTION COMPRISES 75 TO 80 PERCENT OF ACTIVITIES IN ROC WOODWORKING INDUSTRY. PRODUCTION OF WOODEN FURNITURE AND HANDCRAFTS ACCOUNTS FOR REMAINING 20 TO 25 PERCENT. HOWEVER, SIGNIFICANT PROPORTION OF WOODEN FURNITURE PRODUCED IN ROC IS NOT MADE OF SOLID WOOD; IT IS MADE OF PLYWOOD TOPPED WITH WOOD VENEER.

B) EIGHTY PERCENT OF ROC'S PLYWOOD PRODUCTS ARE EXPORTED.

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C) MAJOR END USERS AND POTENTIAL BUYERS OF WOODWORKING EQUIPMENT

ARE PLYWOOD MANUFACTURERS. EIGHTY PERCENT OF THESE MANUFACTURERS ARE LOCATED IN KAOHSIUNG. REMAINING MANUFACTURERS ARE SITUATED IN TAICHUNG, TAOYUAN, AND TAIPEI.

D) IN 1974 ROC IMPORTS OF WOODWORKING EQUIPMENT FROM ALL COUNTRIES TOTALLED US\$8,188 THOUSAND. IMPORTS FROM U.S. AMOUNTED TO US\$490 THOUSAND (6 PERCENT OF TOTAL) AND IMPORTS FROM JAPAN, US\$6,714 THOUSAND (82 PERCENT OF TOTAL).

E) WHEN REF. A) WAS SUBMITTED, ROC PLYWOOD MANUFACTURERS WERE OPERATING AT 55 PERCENT OF CAPACITY. ECONOMIC NEWS ARTICLES OF 8/5/75, FORWARDED SEPARATELY, STATE PLYWOOD MANUFACTURERS NOW OPERATING AT 65 PERCENT OF CAPACITY. ARTICLES FURTHER INDICATE THAT MANUFACTURERS ARE NOW CUTTING PRODUCTION IN AN ATTEMPT TO STABILIZE DECLINING EXPORT PRICES. MEANWHILE, COST OF TIMBER, SUPPLIED MAINLY BY INDONESIA AND PHILIPPINES, IS RISING.

F) IN VIEW OF CONSIDERATIONS A) THRU H) TC DOES NOT ANTICIPATE SALES OPPORTUNITIES OVER NEXT 12 MONTHS THAT ARE SUFFICIENT TO JUSTIFY OIM PROPOSED SPECIALIZED EXHIBITION.

2. OIM MAY ALSO WISH TO CONSIDER FOLLOWING POTENTIAL DIFFICULTIES WHICH COULD ARISE WHEN PROCURING AND PROMOTING PROPOSED SPECIALIZED EXHIBITION:

A) IN REF: D) TC RECOMMENDED THAT WOODWORKING EQUIPMENT BE INCLUDED AMONG PRODUCTS TO BE DISPLAYED AT APRIL, 1976 "BUILDING & CONSTRUCTION MACHINERY & SUPPLIES" EXHIBITION. AMERICAN MANUFACTURERS PARTICIPATING IN JANUARY/FEBRUARY, 1976 EVENT MAY FIND IT DIFFICULT TO PARTICIPATE AGAIN IN APRIL, 1976 EVENT.

B) TARGET AUDIENCE (AGENTS/DISTRIBUTORS/MAJOR END USERS) SHOULD BE CONTROLLED FOR JANUARY/FEBRUARY, 1976 EVENT SO THAT PROMOTION EFFORTS FOR JEEP WILL NOT DUPLICATE OR DISTRACT FROM THE MAJOR PROMOTION PLANNED FOR THE OFFSITE "BUILDING & CONSTRUCTION MACHINERY & SUPPLIES" EXHIBITION SCHEDULED FOR APRIL.

3. TC RECOMMENDS OIM STAGE IN JANUARY OR FEBRUARY, 1976, 6 TO 8 PARTICIPANT WOODWORKING EQUIPMENT JEEP IN TAIPEI WITH EXHIBITORS TRAVELING TO KAOHSIUNG FOR TRADE MISSION. TC FURTHER RECOMMENDS THAT JEEP BE STAGED 2 TO 3 DAYS IN TAIPEI WITH 2-DAY TRADE MISSION IN KAOHSIUNG. GIVEN CURRENT DEPRESSED STATE OF ROC WOODWORKING INDUSTRY, OIM MAY WISH TO EMPHASIZE AGENCY FINDING AT THIS EVENT AS MEANS OF FACILITATING FUTURE SALES.

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